

**BEFORE THE  
FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON, D.C. 20554**

In the Matter of	)	
	)	
Service Rules for the 698-746, 747-762	)	
and 777-792 MHz Bands	)	
	)	
Revision of the Commission's Rules to	)	WT Docket No. 06-150
Ensure	)	
Compatibility with Enhanced 911	)	
Emergency	)	CC Docket No. 94-102
Calling Systems	)	
	)	
Section 68.4(a) of the Commission's Rules	)	
Governing Hearing Aid-Compatible	)	WT Docket No. 01-309
Telephones	)	
	)	
Biennial Regulatory Review – Amendment	)	WT Docket No. 03-264
of Parts 1, 22, 24, 27, and 90 to Streamline	)	
and Harmonize Various Rules Affecting	)	
Wireless Radio Services	)	
	)	
Former Nextel Communications,	)	WT Docket No. 06-169
Inc. Upper 700 MHz Guard Band	)	
Licenses and Revisions to Part 27	)	
of the Commission's Rules	)	
	)	
Implementing a Nationwide,	)	PS Docket No. 06-229
Broadband, Interoperable Public	)	
Safety Network in the 700 MHz	)	
Band	)	
	)	WT Docket No. 96-86
Development of Operational, Technical		
and Spectrum Requirements for Meeting		
Federal, State and Local Public Safety		
Communications Requirements Through		
the Year 2010		

**REPLY COMMENTS OF BARAT WIRELESS, L.P.**  
**AND CARROLL WIRELESS, L.P.**

Barat Wireless, L.P. (“Barat”) and Carroll Wireless, L.P. (“Carroll”), by counsel, hereby submit these Reply Comments in the captioned proceedings.<sup>1</sup>

By these Reply Comments, Barat and Carroll, (collectively, the “Commenters”) focus on a single issue: the public interest need not to apply blind bidding in the upcoming 700 MHz Auction. In so doing, the Commenters bring to this debate their experience as a successful small business bidder in prior auctions (Auctions No. 58 and No. 66) and the corresponding need for small businesses to know who is bidding for what spectrum in an auction.

## **I. DISCUSSION**

### **A. Bidder Identification Is Necessary In Order To Facilitate Small Carriers Obtaining Sufficient Financing To Bid Robustly**

Both Barat and Carroll were successful bidders in recent FCC auctions. In those auctions, Barat and Carroll each entered into an initial bidding protocol agreement with a lender which, among other things, placed caps on the amount of money that could be borrowed and bid on particular licenses. During each auction, the agreed upon caps were increased multiple times during the course of the auction. The caps were increased as the amounts necessary for a bid to become the “high bid” for various licenses rose, higher than anticipated. But prior to lenders

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<sup>1</sup> These reply comments are timely filed pursuant to the Commission’s Order of May 25, 2007, (DA 07-2226).

and partners agreeing to an increase in the caps, a determination had to be made that the spectrum being bid upon was worth the heightened amount to be bid.

Heightened bid amounts often could not be justified simply by virtue of some unknown entity having bid up the price. After all, the Commission's experience with early auctions, particularly Auction No. 5, demonstrated that bidding frenzies are possible and that certain bidders, especially those without extensive wireless experience, could "overbid" significantly. It is for this reason that, when looking to other bids as an indicator of spectrum worth, it is the identity of the bidder, as well as the amount, that is important to small businesses such as Barat and Carroll. To illustrate, small carriers such as Barat and Carroll are far more likely to be able to rely upon bids by well known and respected entities, than by unknown and unproven entities, to justify increases in bidding caps.

**B. Knowledge Of Bidder Identification Is Equally, Important In Understanding Why Non-Bids May Not Reflect A Determination By Other Bidders That Spectrum Values Do Not Support An Increase In Bid Amounts For Certain Spectrum**

Just as bidders, and especially small business bidders, take notice of which bidders continue to bid for particular licenses, so too do they notice when bidders stop bidding for particular licenses. Oftentimes, this apparent knowledge constitutes a "false negative" in the sense that a party's determination to bid no more for a given license could reflect any number of different reasons, only one of which is the relationship between spectrum value and bid prices. For example, it could reflect a desire to move attention to an entirely different cluster of licenses. It

also could reflect the fact that given existing spectrum holdings, either directly or through an affiliate, in the market at issue, a de facto bidder discount was being applied for the additional spectrum at issue. Lastly, it could reflect that bidder eligibility was being exhausted due to bids in other, more critical markets.

While each of these reasons is very different from the others, all have one thing in common: in the absence of bidder identification, it is not possible for one bidder to know why another has “backed off” from bidding for a particular license. Worse yet, some bidders (likely the larger, better financed entities) may know, while others may not. Such inequality in knowledge runs contrary to the core concept of competitive spectrum auctions.

**C. Knowledge Of Bidder Identification Is Critical To Small Bidders’ Ability To Assess Roaming Issues**

The vast majority of small carriers submitting comments in the captioned proceeding opposed blind bidding. See, e.g., comments of Aloha Partners, L.P. and the Rural Telecommunications Group (“RTG”). As RTG explained in its comments:

“Absent information regarding the identities of competing bidders, it is impossible for small carriers to make rational bidding decisions. Due to their heavy dependence upon roaming, rural carriers are uniquely dependent on knowledge of bidder identity in their neighboring markets in order to formulate a rational spectrum acquisition plan.”

**II. CONCLUSION**

As discussed above, knowledge of bidder identity is essential for small businesses to bid successfully. Barat and Carroll know this, not through theory, but by virtue of extensive experience in auctions. The information is critical to obtaining

financing; to understanding why certain bidders stop bidding in a given market; and to understanding what roaming issues may or may not exist of a particular license is obtained.

For all of these reasons, Barat and Carroll urge the Commission not to adopt blind bidding.

Respectfully Submitted,

BARAT WIRELESS, L.P. &  
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